



HEALTH CARE AND THE CLIMATE CRISIS: PREPARING AMERICA'S HEALTH CARE INFRASTRUCTURE

VII. The Role of Group Purchasing Organizations in Driving Environmental and Social Change in the Health Care Supply Chain

This is the seventh part of a Staff Report on the U.S. health system and the climate crisis. [Parts One through Five](#) explored the ways health care providers are responding to the climate crisis. [Part Six](#) provides an overview of Ranking Member Neal's expanded Request for Information (RFI) relating to the health care supply chain and the climate crisis. The following part analyzes Group Purchasing Organization (GPO) responses to the expanded RFI. [Part Eight](#) includes a discussion of the findings and overview of methods.

PART SEVEN: KEY FINDINGS

Summary: GPO responses to the Ways and Means Committee's expanded RFI revealed that despite the large market share the three GPOs included in this RFI represent, they do not have initiatives in place to compel suppliers to reduce their environmental impacts. Moreover, although the three GPOs acknowledged the growing consequences of the climate crisis on their industry and the corresponding need to act, the GPOs are still in the early phases of identifying specific environmental metrics related to their operations that they will need to track and improve.

- GPOs support their members in a variety of ways during environmental disasters. They often serve as a centralized source of information for members and suppliers during the immediate aftermath of a natural disaster, identifying shortages and managing the logistics to deliver resources to hospitals in need. In this capacity, GPOs allow members to focus on providing care, while the GPO addresses resource needs.
- The three GPOs surveyed said they do not take an active role in compelling their suppliers to advance environmental, social, and governance (ESG) standards. The GPOs uniformly viewed their role as primarily to support their members in pursuing their own individual ESG goals. To this end, GPOs encourage their suppliers to be transparent about the environmental and social attributes of products so members can use that information to direct their spending in ways that make the most sense to their members' own ESG goals.
- GPOs generally do not penalize suppliers if they do not provide the GPOs with ESG-related information that is requested as part of the supplier contracting process. In instances where a GPO said it requires suppliers to meet specific environmental and social standards, the information GPOs shared with the Committee about specific requirements was limited and vague.
- Two of the three GPOs have certain designations for suppliers and/or products to denote environmentally and/or socially preferred characteristics to inform member purchasing decisions. Whereas the GPOs do not force suppliers to meet extensive ESG requirements to qualify for contracting, special designations provide some incentives to suppliers to report on environmental and social product characteristics. Although the GPOs intend for the designations to inform members' purchasing decisions, neither of the two GPOs using these designations provided clear data or evidence that the designations have changed member behavior.
- Two of the GPOs are in near lockstep in setting and publishing their internal ESG commitments and progress. Both Vizient and Premier publish an annual corporate sustainability report, using similar, established ESG frameworks. Both incorporated the same United Nations Sustainable Development Goals (UN SDGs) into their respective reports. While the two GPOs excelled in different ESG aspects (e.g., Vizient published an entirely separate annual report on its workplace diversity efforts, while Premier published its organization's scope 1 and scope 2 carbon emissions), the two GPOs exhibited a similar level of awareness and commitment to ESG improvements.



As [Part Six](#) discussed, the health care supply chain accounts for a significant portion of the health care industry's greenhouse gas (GHG) emissions and environmental impact, making it an important focus of interventions that mitigate pollution. Other nations, such as England and the European Union, have already started to take regulatory and private sector actions, paving the way for actions in the United States (U.S.).

GPOs are uniquely positioned in the U.S. health care supply chain to drive industry-wide sustainability efforts, given the scale of their operations and their role as intermediaries between suppliers and health care providers. These entities already play an important role in driving down costs for health care providers by scaling purchasing power to procure crucial supplies for health care facilities across the country. GPOs are estimated to save the health care system up to \$55 billion annually and provide their members with savings ranging from 10 to 18 percent on products and services.¹ With 96 to 98 percent of hospitals in the country using GPOs for at least some of their procurement needs, suppliers are strongly incentivized to maintain contracts with GPOs to have a stable and large customer base.²

As a result, particularly for the largest GPOs that represent a majority of the market share nationwide (see [Part Six](#)), GPOs have powerful levers to demand that suppliers undertake efforts to decrease their environmental impacts and improve the resiliency of the supply chain in the face of extreme weather events. For example, environmentally preferred purchasing – utilizing an entity's purchasing power to drive demand for more environmentally sustainable products – promotes the manufacturing and use of products that may be recyclable or reusable; produce less waste; use less energy and water; or be free of harmful chemicals such as carcinogens.^{3,4} But there is limited information available as to whether GPOs are using their purchasing power in U.S. markets to promote a more sustainable outlook for the nation's health care supply chain.

Accordingly, Ranking Member Neal's expanded RFI sought to elucidate how GPOs may be using their market power and contracting processes to push suppliers to improve on globally established benchmarks of environmental, social, and governance standards.

THE ROLE OF GPOS DURING EXTREME WEATHER EVENTS AND CONCERNS ABOUT FUTURE DISASTERS

- a. GPOs take on coordination roles when responding to extreme weather events that disrupt supply chains*

Given the increasing prevalence of extreme weather events, the Committee's expanded RFI sought to better understand the role GPOs play in responding to such disasters and the way natural disasters influence GPO operations during such crises. All three GPOs said that in times of crisis, GPO members, who must focus on providing care, rely on GPOs during extreme weather events to figure out how to get the supplies their members need – whether by sourcing alternative suppliers, chartering aircrafts to deliver supplies, or simply serving as a centralized source of information. Premier, Inc. (Premier), and Vizient, Inc. (Vizient), both provided examples from several catastrophic climate-related weather events in the last five years. HealthTrust Purchasing Group, L.P. (HealthTrust), did not respond with any specific events but described some general ways it has assisted members during climate-related weather events.



Premier and Vizient listed the impact of the same exact weather events: Hurricane Harvey (August 2017), Hurricane Maria (September 2017), Hurricane Ida (August 2021), and the February 2021 North American cold wave. Premier also listed Hurricane Irma (September 2017) as one of the most catastrophic events for its members. Both specifically described bridges and distribution routes destroyed or made unusable by flooding, power outages due to flooding and freezing temperatures, and shortages of medical supplies due to disruptions to the transportation and manufacturing of goods.

In response, Premier and Vizient both reported establishing or activating a dedicated team (e.g., Premier's "Supply Disruption team") that collected information and connected members and suppliers to address member needs throughout the crisis and the post-crisis recovery. Some specific examples of Premier's and Vizient's actions during these extreme weather events are highlighted below. Although HealthTrust did not share specific examples of climate-related disasters it had experienced, it said that it also collects and communicates information to members regarding disruptions to supplier product availability and delivery/distribution logistics; it also identifies alternative suppliers and products for members' needs during weather-related emergencies.

Examples of GPOs' Member Assistance During Extreme Weather Events

Vizient

- **Hurricane Maria (2017):** Worked with the Food and Drug Administration (FDA) to import products from other countries and expediate freight without additional costs; developed/published websites to centralize news and information to support members; coordinated standing calls with members, suppliers, and the GPO's executives – those managing medical and pharmacy contract portfolios – to identify needs and secure supplies; and petitioned suppliers to increase productions.
- **Hurricane Ida (2021):** Established an incident war room to gather information and connect health systems with necessary resources; deployed staff teams to specifically work with affected members' requests and relevant suppliers; identified off-contract suppliers that could provide fuel and water.
- **North American cold wave (2021):** The winter storms forced many chemical plants to shut down, causing a shortage of raw materials needed for medical supplies, such as face shields, sharp containers, and protective gowns. The shortages caused prices to surge. The GPO worked closely with suppliers to mitigate price increases for members.

Premier

- **Hurricane Harvey (2017):** Activated its Supply Disruption team; the team met daily with the GPO's key leadership, stakeholders in the supply chain, and members, to discuss needs and recovery. Because local blood banks stopped fulfilling orders for blood and platelets, Premier chartered a plane that carried units of blood and platelets to the University of Texas Medical Branch in fewer than five hours. Premier also noted making three different flights in the same week, including one in which it had to employ a Blackhawk helicopter to avoid flooding.



b. GPOs shared similar concerns about the impact of future climate-related disasters on supplier and member operations

In addition to the impact of past catastrophic climate-related events, the Committee's RFI also asked GPOs to share the biggest concerns they and their members have regarding the possible consequences of future climate-related disasters. The three GPOs responded with similar concerns that encompassed the detrimental impact on patient care and safety, the impact on members' operations and finances, and the resiliency of the health care supply chain.

HealthTrust and Premier both said their biggest concern regarding future climate-related disasters was the effect on patient care and safety. HealthTrust explained that many of its members operate in regions prone to extreme weather events and that it is particularly concerned with the way disaster-caused supply, labor, and infrastructure disruptions can impact its members' ability to provide safe and effective care. Vizient did not list patient care broadly as a key concern but noted that the future availability of the health care workforce could be a problem in light of climate-related trends. Vizient responded that, combined with the documented rise in health care job vacancies during the COVID-19 pandemic, health care workforce availability is its third-biggest concern regarding future climate-related disasters.

The three GPOs also discussed challenges regarding the impact of extreme weather events on members' health system operations and finances. Climate-related events are increasing the pressure on health care providers and facilities to proactively plan and allocate resources for disasters, Vizient said. HealthTrust flagged that members' insurance may not sufficiently cover all of the financial losses arising from extreme weather events, leading to further negative effects on operations.

Both HealthTrust and Vizient also discussed their concerns about the future resiliency of the health care supply chain, particularly given experiences responding to the COVID-19 pandemic. Vizient expressed concerns with how climate disasters affect all aspects of the health care supply chain, which are further compounded by geopolitical tensions, raw material shortages, and rising prices. As examples, Vizient highlighted that extreme heat can impact the stability of temperature-sensitive medications like albuterol inhalers ([see Committee analysis of environmental considerations related to inhalers](#)), limiting availability, while hurricanes can disrupt access to life-sustaining therapies like dialysis by affecting the availability of safe water unless facilities are sufficiently equipped with water treatment equipment and supplies.

USING CONTRACTING STANDARDS TO INFLUENCE ENVIRONMENTAL CHANGES

a. Limited evidence of GPOs requiring suppliers to contractually meet environmental standards

The RFI asked GPOs whether they leverage their market power and contracting practices (for more information on GPO respondent market share, see [Part Six](#)) to require their suppliers to meet any ESG or related metrics, such as environmental resiliency standards, carbon emission benchmarks, and renewable energy utilization metrics. Table 1 provides an overview of responses to each of these questions, by GPO. As Table 1 shows, Premier was the only one of the three GPOs that said it had such environmental requirements for its suppliers, though only for about half of the domains included in the RFI. Still, based on subsequent probing in the RFI, Premier's responses



conveyed that it does not actually “require” these standards as a condition of contracting. Rather, it simply requests information from the suppliers related to these areas of concern (see below for more specifics). Vizient and HealthTrust responded that they did not have such requirements in place, with the exception of one for HealthTrust.

Table 1. GPO responses regarding requiring suppliers meet environmental standards as part of contracting process

Are your suppliers required to meet certain contractual standards...	GPO		
	Vizient, Inc.	HealthTrust Purchasing Group, L.P.	Premier, Inc.
To ensure they are environmentally resilient?	No	Yes	No
For their carbon emissions?	No	No	Yes†
For their utilization of renewable energy?	No	No	Yes†
For their impact on air pollution?	No	No	Yes†
For their impact on water pollution?	No	No	No
For their impact on biodiversity?	No	No	No
For their impact on stressing water supplies?	No	No	No
For their waste and hazardous materials management?	No	No	Yes†
For the waste impact of their final product and re-use potential for the end-product user?	No	No	Yes†
For prioritizing products derived from circular solutions?	No	No	Yes†

† If “yes,” GPOs were asked to describe the contractual standards or benchmarks they required. Despite responding “yes,” Premier did not provide specific information about concrete requirements.

While Premier was the only GPO that said it requires suppliers to meet certain environmental standards or benchmarks for a number of the domains listed in the RFI, Premier did not provide any specifics. Instead, the GPO generally discussed collecting information from its suppliers during the contracting process, including information on many of the environmental factors the Committee’s RFI raised. Premier noted that it, “actively requests information on standards and certifications, and data on products, but failure to provide the information or adhere to a certain standard would not automatically rule a supplier out for a contract. The purchasing committee is informed if a supplier fails to provide environmental data.” Accordingly, to the best of Committee’s understanding, Premier does not in fact require its suppliers to meet any specific environmental standards as part of its contracting requirements despite responding “yes” to several of the questions in Table 1.



Vizient and HealthTrust said they do not require their suppliers to meet certain requirements for any, or nearly any, environmental factors the Committee raised. Instead, both said they request sustainability information from their suppliers as part of their supplier RFI and contract decision-

“Vizient does not take on an enforcement role when it comes to suppliers’ manufacturing practices and leaves that responsibility to the appropriate regulatory bodies. Additionally, because Vizient works with approximately 1,100 unique nationally contracted suppliers, it is not currently feasible to monitor, review, and enforce [environmental standards] for all suppliers.”

– Vizient response to RFI

making processes, much like Premier. For example, HealthTrust reported that it collects information from suppliers regarding environmental attributes of products, such as any certifications, use of certain chemicals of concern, energy use, and packaging, although the GPO did not provide any further description of the information collected. Vizient and HealthTrust also provided similar explanations for why they do not require suppliers to meet certain environmental standards or benchmarks as part of contract requirements. Vizient explained that it cannot force manufacturing practices on its contracted

suppliers and does not believe it is feasible to monitor, review, and enforce adherence to particular benchmarks across 1,100 unique suppliers. HealthTrust said that incorporating enhanced environmental contractual requirements on suppliers would adversely affect the availability of contracted products that its members need.

Although the three GPOs described a similar approach to collecting information from suppliers rather than setting required environmental standards, they all also shared some examples of areas where they require more – or where they plan to introduce additional requirements in the near future. For example, HealthTrust requires its suppliers to maintain a business continuity and disaster recovery plan to enable delivery of products and services to mitigate supply chain disruptions in the case of events beyond a given supplier’s reasonable control. HealthTrust did not elaborate on these requirements, however, and the Committee was unable to determine whether these requirements go beyond what is required by any existing laws and regulations.

Premier noted that it currently asks its suppliers to furnish information regarding their GHG accounting – including how they are measuring and reporting and whether they have set emission-reduction targets – and said it is considering setting deadlines by which suppliers will be required to have GHG emission-reduction targets in place. Premier did not provide additional details about timing or whether it would require its suppliers to reduce its emissions to meet certain GHG benchmarks.

Vizient outlined a more extensive carbon emissions contract requirement that it was planning to implement, establishing three tiers of carbon emission requirements to which suppliers would be assigned depending on a given supplier’s *self-identified* level of “corporate sustainability maturity.” Vizient said it plans to hold more “mature” suppliers to a higher emissions reporting standard than those that self-identify as less mature. Although Vizient provided specific details of this planned addition to supplier contract language, at the time this analysis was conducted, the Committee could neither determine the intended timeframe nor whether Vizient would mandate compliance with this standard. The GPO also did not elaborate whether suppliers would be expected to “mature” into a higher category or whether the information required of the suppliers would be shared with Vizient’s members or the general public.



Vizient's Proposed Three Tier Carbon Emission Contracting Standard for Suppliers

- If a supplier self-identifies as *elementary*, Vizient will ask the supplier to disclose its scope 1 and scope 2 emissions within 12 months of the contract effective date. In addition, Vizient will ask the supplier to provide on-demand reporting of GHG emissions to members and its reduction progress.
- If a supplier self-identifies as having an *established* sustainability program, Vizient will request the supplier provide emission data for scopes 1, 2 and 3 within 12 months of the effective date, seek independent certification of its emissions measurements, and establish year-over-year emission reduction goals.
- If a supplier identifies as having a *mature* sustainability program, Vizient will request the supplier provide GHG emissions for all three scopes as well as its year-over-year reduction of emissions goals within three months of the contract effective date. Vizient will also request these suppliers develop and implement a Climate Action Plan (or equivalent) to support year-over-year carbon-footprint reduction milestones.

b. Development of environmentally preferred designations at different stages across GPOs

The RFI also asked the three GPOs whether they utilize any designations denoting “environmentally preferred” suppliers or products to inform member purchasing decisions. While all three GPOs responded affirmatively to this question, in a follow-up question, HealthTrust explained that it does not actually employ any such designation because, “there are many different attributes that may be relevant to such a designation and our members may have different needs or perspectives.”

As part of their responses regarding environmentally preferred designations, both Vizient and Premier described broader, internal environmental programs – the Environmentally Preferred Sourcing (EPS) program and the Environmentally Preferred Purchasing (EPP) program, respectively – that define and set their standards for their respective designations. These programs are also the mechanism by which these GPOs identify and decide what sustainability and environmental information to include in their respective supplier RFI processes. All GPOs (including HealthTrust) noted that an advisory council (unique to each GPO⁵) composed of sustainability experts and member representatives inform their environmental programs, approach to environmental information collection, and the specific information they collect from suppliers. In addition to guidance from its advisory council, Vizient noted that it relies on standards from federal agencies (e.g., the U.S. Environmental Protection Agency) and external entities, such as Health Care Without Harm/Practice Greenhealth/Healthcare Climate Council, to inform its EPS program. Premier similarly responded that it works with these external partners to inform its EPP program and the questions included its supplier RFI process.

Of the two GPOs that said they use these designations, only Vizient provided significant details as to what standards suppliers must meet to receive the designation. Premier explained that a supplier’s product must “meet one or more environmentally beneficial criteria in the areas of chemicals of concern, reusability, recycled content, or packaging” to receive the designation. Premier did not provide additional details, and the Committee could not find further information on Premier’s website regarding these requirements, including if the criteria consider carbon



information and whether these characteristics are externally verified or only self-reported, despite Premier responding that it has had this designation for 10 years.

For Vizient, a product must meet all chemical attributes and at least two waste attributes (as outlined by its EPS program) to be designated an environmentally preferred product (see box below for requirements). In addition, although these attributes are required for the EPP designation, Vizient noted that all suppliers are asked about the attributes listed below as part of the supplier RFI process so that members are informed of products that do not meet these criteria (e.g., some products may contain harmful substances if there are no safer alternatives). In its 2022 CSR, Vizient reported that the proportion of contracted suppliers that provided information regarding the standardized list of environmental attributes has increased from eight percent of suppliers in 2017 to 94 percent in 2021. Further, the number of products receiving the designation increased from 22,543 in 2020 to 25,543 (out of 771,021) in 2021.

Vizient's Environmentally Preferred Product Attributes

- A product must *not* include any of the following:
 - Any chemicals included in the European Union Restriction of Hazardous Substances (EU RoHS) Directive
 - Bisphenols
 - Polyvinyl chloride (PVC)
 - Bromine and chlorine-based compounds
 - Phthalates
 - California Proposition 65 chemicals
 - Antimicrobial and antibacterial agents
 - Persistent, bioaccumulative, and toxic chemicals (PBTs)
 - Flame retardants
 - Heavy metals (e.g., mercury, lead, cadmium, organotin compounds)
 - Perfluorinated chemicals (PFCs)
 - Natural rubber latex
- A product must satisfy *two* of the following waste attributes:
 - The product does not create a hazardous waste
 - The product contains more than 10 percent post-consumer recycled content
 - The product is recyclable
 - The product's primary packaging contains more than 10 percent post-consumer recycled content
 - The product's secondary packaging contains more than 30 percent post-consumer recycled content
 - The product's packaging has received Forest Stewardship Council Certification
 - The product's packaging is labeled with consumer friendly recycling information (i.e., the labeling meets U.S. Federal Trade Commission Green Guides' standard, such as the How2Recycle label)
 - The product's packaging is recyclable
 - The product is designed for multi-use

In addition to designating products as environmentally preferred, Vizient also reported that it designates suppliers as Environmental Preferred Sourcing Designated suppliers if they meet three requirements:

1. Provide an easily accessible list of environmentally preferred products that meet predefined environmentally preferred standards;



2. Provide proof of specific third-party certifications to indicate independent auditing for manufacturing standards of products or submit scientific documentation that provides proof that chemicals used in the products do not cause adverse human and environmental health impacts; and
3. Provide Vizient with financial reports that distinguish members' environmentally preferred spending from their conventional spending (i.e., the percentage of GPO member spending on environmentally preferred items with a supplier out of all the purchases that GPO member makes with that supplier).

Although Premier and Vizient provided the aforementioned information about their designations, both GPOs reported that the list of designated products/suppliers is not publicly available. As a result, the Committee could not verify the extent to which their contracted suppliers or available products satisfy the requirements to receive the designation beyond what was reported in the GPOs' CSR or RFI response.

c. GPO member use of environmentally preferred designations is unclear

Ultimately, for all of the efforts that a GPO may make in establishing standards and collecting information from suppliers, the utility of that work is dependent on both the strength of the standards and the extent to which GPO members have access to and use the information to guide purchasing decisions. While all three GPOs said their members have appreciated or supported efforts to collect and share environmental information from contracted suppliers, no respondent provided data on uptake or demonstrable behavioral change among members.

Still, GPOs shared some examples of how they encourage members to integrate

"HealthTrust encourages sustainability and environmental responsibility in the healthcare system; however, each HealthTrust member varies in its ESG goals, objectives, and capabilities. It is ultimately each member's responsibility to establish, manage and execute on its ESG objectives. The role of the GPO is to support the member's efforts, where possible, by facilitating and creating appropriate and efficient pathways that aid members in achieving their own ESG ambitions."

– HealthTrust response to RFI

environmental considerations into their purchasing decisions. For example, because Vizient requires its EPS-designated suppliers to report member spending that distinguishes between environmentally preferred and non-environmentally preferred product spend, Vizient can, in theory, help members track their spending and performance related to sustainable and environmentally safer products (Vizient did not provide information regarding the extent to which members utilize this service, however). HealthTrust reported that, with the information it collects from supplier RFIs, it assists members in identifying "energy efficiency

and renewable energy solutions." Still, the Committee was neither able to determine what specific information HealthTrust collects from suppliers nor whether HealthTrust's members utilize the information. Premier reported that it seeks information from suppliers regarding whether products offer multiuse or reprocessable characteristics, offering members the option to procure equipment that is "equivalent to new, having been cleaned and inspected according to strict FDA guidance, while saving millions of dollars and preventing plastics, metals and even advanced electronics from going into landfills." Similar to the other two GPOs, Premier did not provide additional details on what information it collects from suppliers regarding product reusability. Premier also did not share any data to validate the supposed millions of dollars in savings from reprocessed products



or information describing the extent to which its members are making use of reprocessing contracts.

- d. *Members working with Vizient, Premier, or HealthTrust showed more advanced engagement on environmental issues than others*

Given the limited information provided by the GPOs, the Committee was unable to fully assess whether the three GPOs' efforts to collect supplier environmental information and designate environmentally preferred products had noticeable impacts on membership purchasing behavior or health care pollution. Accordingly, the Committee revisited the responses of health care systems and providers in the [original Committee provider-based RFI](#) to investigate whether there were any noticeable differences between those who contract with the three largest GPOs (i.e., Vizient, HealthTrust, and Premier) compared to those who work with other GPOs that represent a smaller segment of the market.

Table 2 below lists some of the descriptive characteristics of health care organizations that responded to the original Committee RFI and their responses to questions regarding their environmental activity, segmented by their GPO response - whether their GPO was one of the three largest GPOs that are discussed in this brief (n=25) or if they reported having any other GPO (n=15). Although there were 63 respondents to the original RFI, Table 2 only examines the 40 respondents that reported having a GPO.

Table 2. Vizient, HealthTrust, and Premier members' environmental activity compared to members of other GPOs (n=40)

Variables	Members of Vizient, HealthTrust, & Premier (n=25)		Members of Other GPOs (n=15)		x2 (df)
	Count	Percent	Count	Percent	
Organization Type					
Multihospital System	14	56.0%	4	26.7%	19.65 (3)***
Health System	10	40.0%	1	6.7%	
Community Health Center	0	0.0%	7	46.7%	
Other	1	4.0%	3	20.0%	
Climate Innovator vs. Provider					
Yes	13	52.0%	1	6.7%	8.47 (1)**
No	12	48.0%	14	93.3%	
Dedicated some resources to address climate crisis					
Yes	23	92.0%	10	66.7%	4.17 (1)*
No	2	8.0%	5	33.3%	
Have standing agenda items at the executive board level to address climate crisis					
Yes	8	32.0%	6	40.0%	0.26 (1)
No	17	68.0%	9	60.0%	
Have executive-level working groups to address climate crisis					
Yes	21	84.0%	10	66.7%	1.62 (1)
No	4	16.0%	5	33.3%	
Have dedicated staff to address climate crisis					
Yes	21	84.0%	6	40.0%	8.27 (1)*
No	4	16.0%	9	60.0%	
Have climate action or preparedness plan (CAPP)					
Yes	11	44.0%	2	13.3%	4.02 (1)*



No	14	56.0%	13	86.7%	
Use at least one tool to track carbon emissions					
Yes	19	73.3%	4	26.7%	9.34 (1)**
No	6	26.7%	11	73.3%	
Have internal sustainability goals†					
Yes	15	100.0%	2	66.7%	5.29 (1)*
No	0	0.0%	1	33.3%	
Have sustainability goals that are public					
Yes	12	48.0%	2	13.3%	4.95 (1)*
No	13	52.0%	13	86.7%	
Use program to reduce carbon footprint of workforce					
Yes	22	88.0%	5	33.3%	12.77 (1)***
No	3	12.0%	10	66.7%	
Use program to reduce organization's carbon footprint					
Yes	23	92.0%	5	33.3%	15.37 (1)***
No	2	8.0%	10	66.7%	
Have plans for new dedicated staff to address climate crisis					
Yes	16	64.0%	5	33.3%	3.54 (1)
No	9	36.0%	10	66.7%	
In position to achieve targets more quickly than federal, state, and/or local government					
Yes	15	60.0%	3	20.0%	6.06 (1)*
No	10	40.0%	12	80.0%	
Percentage of external partners (e.g., business partners, suppliers, contractors) who have sustainability targets					
0%	10	40.0%	9	60.0%	6.05 (2)*
>0% to 25%	14	56.0%	3	20.0%	
>25% to 50%	1	4.0%	3	20.0%	
>50%	0	0.0%	0	0.0%	

† Only 25 out of 63 respondents answered this question on this survey (10 Climate Innovators and 15 Providers).

* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

As Table 2 shows, within the cohort of providers that responded to the original RFI and had a GPO, those who said they worked with Vizient, HealthTrust, or Premier were also more likely to be more advanced on their engagement with environmental initiatives. For example, there was a statistically significant difference between providers who reported Vizient, HealthTrust, or Premier as their GPO compared to members of other GPOs with respect to their dedication of resources to address the climate crisis, with over 90 percent of Vizient, HealthTrust, or Premier members included in the RFI responding that they do so ($p < 0.05$). Similarly, members of Vizient, HealthTrust, and Premier were more likely than members of other GPOs to track their carbon emissions ($p < 0.01$) and using external programs to reduce their carbon footprint ($p < 0.001$).

This trend was similar with respect to sustainability targets: Whereas most members of other GPOs reported that they do not have sustainability targets for their external partners (e.g., business partners, suppliers, or contractors), more than half of Vizient, HealthTrust, or Premier were likely to have up to 25 percent of their partners with such targets. These trends suggest that the three GPOs (i.e., Vizient, HealthTrust, and Premier) may, in fact, be encouraging their members or equipping them with information and tools necessary to engage in sustainable practices. Still, there is no way to disentangle selection bias in this analysis, as it is possible that Vizient, HealthTrust, and Premier are all more likely to attract large health systems that, as a result of their size and scope, are also more likely to engage in climate-related initiatives; nearly half of the providers who said they have “other” GPOs were community health centers. Please see [Part Eight](#) for a more detailed description of the limitations of this study.



USING CONTRACTING STANDARDS TO INFLUENCE SOCIAL AND GOVERNANCE CHANGES

a. GPOs engage in limited social or governance contractual standards

The RFI also included questions on whether GPOs leverage their market power and contracting practices to encourage, if not require, suppliers to advance certain social and governance principles, including standards regarding human rights, community outreach, and diversity. Table 3 below shows that, with minimal exceptions, GPOs do not require their suppliers to meet particular social and governance standards, with the exception of human rights and labor practices (HealthTrust and Premier) and diversity and inclusion practices (Premier).

Table 3. GPO responses to select social and governance supplier standards

Are your suppliers required to meet certain contractual standards...	GPO		
	Vizient, Inc.	HealthTrust Purchasing Group, L.P.	Premier, Inc.
For their human rights and labor practices, including child labor standards?	No	Yes	Yes
For their community outreach or community benefit practices, such as partnering with local non-profits?	No	No	No
For their diversity and inclusion practices for their company?	No	No	Yes
For the diversity of their board and/or executive leadership?	No	No	No

HealthTrust and Premier described similar standards with regard to human rights and labor practices, such as prohibiting human trafficking and child labor/exploitation and requiring compliance with all applicable labor and employment laws. Both require their suppliers to “represent and warrant” that they prohibit any form of child labor or other exploitation of children in the manufacturing and delivery process, as is consistent with the International Labor Organization’s Minimum Age Convention of 1973. HealthTrust specifically noted that this requirement extends to the suppliers’ subcontractors and manufacturers as well.

Furthermore, Premier said its contract language for suppliers, requires suppliers, “provide a safe and healthy working environment free from any form of abuse and... abide by all applicable requirements mandated by the Office of Federal Contract Compliance Programs of the U.S. Department of Labor for federal government contractors pursuant to Executive Order 11246, the Rehabilitation Act of 1973, Section 503, and the Vietnam Era Veterans' Readjustment Assistance Act.” Additionally, HealthTrust said it requires suppliers to affirm they “undertake periodic inspections or reviews of any subcontractors and manufacturers to ensure compliance with the foregoing and disqualifies such subcontractors and manufacturers determined to be non-compliant.” Still, neither GPO provided information regarding how or whether it monitors its suppliers to ensure compliance.

When asked to describe why it does not require suppliers to meet such standards, Vizient only responded that it expects all suppliers to follow all laws “addressing forced labor, child labor, environmental regulations and other legal standards.” Moreover, like HealthTrust and Premier,



Vizient also did not provide any insight into whether it conducts any oversight to ensure its contracted suppliers are following all applicable laws.

Premier was the only GPO that responded “yes” to requiring suppliers meet certain contractual standards regarding their diversity and inclusion practices. Although Premier said it does not require suppliers to meet specific benchmarks in corporate diversity and inclusion metrics, it requires suppliers to provide specific information relevant to these issues, such as whether the supplier has a diversity program, including the types of policy, outreach, promotion, and mentorship the supplier engages in to advance supplier diversity. In addition, starting in 2022, Premier said it introduced a requirement that suppliers provide the GPO and its members their current supplier diversity policy; those without an existing policy are required to develop and implement such a policy within six months. Premier also responded that suppliers are required to, upon a member’s request, provide “reports that arm [its] members with the information to make purchasing decisions that fulfill their own diversity goals, including contracting with minority-owned business enterprises, women-owned business enterprises, LGBT [lesbian, gay bisexual, and transgender] business enterprises, veteran and service-disabled veteran-owned enterprises and small businesses.” Premier did not provide further information on what a supplier diversity policy must include, nor did it elaborate on the exact types of information that a supplier would be required to furnish the GPO’s members to assist in achieving diversity goals. The Committee was, further, unable to determine whether Premier refuses to contract with a supplier who does not provide such information.

No GPO reported that it requires suppliers to meet certain contractual standards for their community outreach or community benefits or diversity of suppliers’ board and/or executive leadership. None of the GPOs provided any information as to why they do not require suppliers to meet standards for either of these measures.

b. One GPO reported using a special designation for socially preferred suppliers

The RFI further asked the three GPOs whether they have a system of designating products or suppliers that achieve preferred social or governance standards as a means of assisting members with purchasing decisions. Although Vizient did not report *requiring* suppliers to meet social or governance standards, it was the only one of the three GPOs that reported *using* a socially preferred designation. The GPO said it has a “Tier 2” reporting program that highlights and recognizes contracted suppliers who consistently submit accurate reporting data on spending related to diverse secondary suppliers. For example, if a member spends \$1 million with a contracted supplier, which, in turn, spends \$20,000 to procure necessary items/services from a secondary minority-owned supplier, the member’s Tier 2 spend is \$20,000. Accordingly, Vizient reported that suppliers that consistently submit accurate Tier 2 data are highlighted in the GPO’s contract catalog to inform members. Vizient did not, however, elaborate on what constitutes “accurate” Tier 2 data, and the Committee was unable to determine whether the GPO confirms and enforces the accuracy of suppliers’ Tier 2 data.

In addition to designating suppliers for reporting Tier 2 data, Vizient also designates diverse-owned suppliers (e.g., minority-, women-, LGBT-, disability-, and veteran-owned) if the supplier can provide evidence of certification from an appropriate external certifying organization (e.g., the National Gay & Lesbian Chamber of Commerce, the National Minority Supplier Development Council, the Women's Business Enterprise National Council, Disability:IN, and the



National Association of Veteran Owned Business Association). Vizient claims that this designation promotes the engagement of diverse suppliers and, in combination with the Tier 2 reporting designation, supports members in progressing toward their supply chain diversity goals. While the GPO did not provide any data to support the claim in its responses to the Committee's RFI, its 2022 CSR stated that there were 108 diverse suppliers contracted with Vizient in 2021.⁶ The Committee is unable to ascertain whether these designations have changed members' purchasing behavior, however.

Despite saying that it does not designate suppliers as socially preferred, Premier reported having two diversity programs designed to promote diverse suppliers. Premier's Supplier Diversity Program targets "minority, women, and veteran (veteran, disabled veteran, service-disabled veteran) business enterprises" with the goal of ensuring that diverse suppliers are considered for contracting opportunities and encouraging members to procure from diverse suppliers. Premier said it is able to actively track the sales volume between its members and diverse suppliers. Premier also said it launched the Sourcing Education and Enrichment for Diverse and Small Suppliers (SEEDS) program in 2009, which focuses on increasing the number of small and diverse suppliers and helping such businesses succeed. For example, the program offers applicable suppliers coaching, mentoring, and educational tools to help the suppliers "develop strategic long-term relationships with [Premier's] members." Premier did not provide additional information as to how many suppliers the SEEDS program has assisted.

c. Impact of social and governance standards remains unclear across GPOs

As with the environmental metrics, the Committee RFI sought to ascertain the "impact" of each GPO's social and governance standards by asking about both the availability of such information to members and the ways this information influences purchasing behavior. Both Vizient and Premier said they provide their members with the information collected from suppliers regarding social and governance standards (including the relevant designations), although that information is not made publicly available. HealthTrust said that it does not provide such information to members.

Neither Vizient nor Premier provided data on the direct impact of such information on member purchasing decisions, however. The only information Vizient shared regarding members' use of the information was that members have started to request Tier 2 reporting data on both a quarterly and *ad hoc* basis. The GPO did not provide any additional information in its RFI response, but its 2022 CSR showed Tier 2 indirect spending with diverse suppliers had grown from \$109 million in 2017 to \$1.02 billion in 2021 and was as high as \$1.84 billion in 2019.

Premier also provided some specific data, but it was not clear to the Committee that the GPO's efforts were directly tied to changes in member purchasing decisions. Premier reported in its 2022 CSR that in 2021 its members spent over a \$1 billion with diverse, veteran, and small business suppliers that were contracted with Premier (for context, total purchasing volume was over \$82 billion that year).⁷ The 2022 CSR noted that contracted diverse suppliers experienced a four percent year-over-year growth in purchasing spending between 2021 and 2020, although the year-over-year growth was as high as 21 percent between 2020 and 2019, according to the GPO's 2021 CSR. Premier also noted that diverse suppliers accounted for 15 percent and 11 percent of its contract portfolio in 2020 and 2021, respectively. The Committee was unable to ascertain if the



data reflected any significant longitudinal changes in uptake attributable to Premier's actions to promote social and governance standards.

GPOS' INTERNAL EFFORTS TOWARD ESG METRICS

The Committee's RFI also sought information about what the GPOs are doing *internally* to measure, publish, and improve their organizations' ESG impacts. HealthTrust said it does not publish its own CSR or ESG report, while Vizient and Premier reported that they do. Given that HealthTrust does not publish a CSR or ESG report and that the latter two GPOs had notable similarities in their sustainability goals, benchmarks, and efforts, the following section focuses only on responses from Vizient and Premier. Table 4 below lists the questions the RFI asked the GPOs regarding their own ESG practices and criteria included in published reports. Vizient and Premier's responses to the yes/no questions were identical, with one exception related to carbon emissions reporting.

Table 4. GPO responses to select ESG standards

GPOs' ESG Practices	GPO	
	Vizient, Inc.	Premier, Inc.
Does your CSR or ESG report include the use of a standard sustainability framework?	Yes	Yes
Does your CSR or ESG report undergo auditing by external accountants?	No	No
Does your CSR or ESG report align with UN SDGs?	Yes	Yes
Has your company signed the UN Global Compact?	No	No
Social and Governance Standards		
Does your CSR or ESG report discuss your organization's efforts to promote diversity and inclusion in your own workforce?	Yes	Yes
Does your CSR or ESG report discuss your organization's efforts to engage in community outreach or provide community benefits, such as partnering with local non-profits?	Yes	Yes
Do you have any governance measures that link progress on climate-related measures to executive promotion and/or compensation?	No	No
Environmental Standards		
Does your CSR or ESG report discuss how your organization is minimizing business risks related to extreme weather events or other disruptions to the business?	Yes	Yes
Does your CSR or ESG report discuss how your organization is reducing your carbon emissions?	No	Yes
Does your CSR or ESG report discuss how your organization is using renewable energy?	No	No

a. Both GPOs utilized similar frameworks for their CSR reports

Vizient and Premier both reported using established sustainability frameworks for their CSRs – Sustainability Accounting Standards Board (SASB) accounting standards and the United Nations Sustainable Development Goals (UN SDG). In addition, Vizient reported that it also uses the Global Reporting Initiative (GRI) framework and is a community member of the GRI, paying an annual fee to support the GRI organization and engage with other members. Neither GPO reported that its CSR undergoes audits by external accountants.



While both GPOs said they use SASB standards as a framework for their respective CSRs, the two utilize different sets of these standards. Whereas Vizient selected nine metrics from the SASB standard set for Professional & Commercial Services, Premier selected 25 relevant metrics from multiple SASB standard sets, including Health Care Distributors, Medical Equipment & Supplies, and Software & IT Services. In reviewing the selected metrics, the Committee found that Vizient did not select any SASB metrics regarding environmental impact, while Premier selected at least seven. Both GPOs included standards related to their workforce diversity, however.

With regard to the UN SDGs, the two GPOs reported using many of the same SDGs:

- UN SDG #3: Ensure healthy lives and promote well-being for all at all ages.
- UN SDG #5: Achieve gender equality and empower all women and girls.
- UN SDG #8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.
- UN SDG #10: Reduce inequality within and among countries.
- UN SDG #12: Ensure sustainable consumption and production patterns.

Vizient reported on one additional SDG as well (UN SDG #13: Take urgent action to combat climate change and its impacts). Despite using the UN SDG goals, neither has signed the United Nations (UN) Global Compact or said it is working toward any specific UN targets or indicator metrics that correspond to the SDG goals it listed. Within each GPO's CSR, the organization listed in the index of the report the UN SDGs that aligned with its organization, mapping chapters of the report that spoke to each of the selected UN SDG goals, rather than explicitly listing specific metrics to a corresponding SDG. However, Vizient's index of UN SDG goals also included a brief, though generally sparse, paragraph describing actions the GPO had taken in relation to each SDG.

b. Nascent efforts to advance internal progress on social and governance standards

Both Premier and Vizient said their respective CSRs discuss internal social and governance standards, particularly related to promoting workplace diversity and inclusion, although the extent of the information published varied. In its 2021 CSR, Premier outlined a four-pronged Diversity, Equity, Inclusion and Belonging (DEIB) approach but neither include additional information on specific work under each "DEIB Pillar" nor which measures it is using to track organizational progress. The CSR included data on workforce race and ethnicity, gender, employer retention/turnover rates, and employee engagement scores, based on a semi-annual employee survey (neither of the latter two data elements were segmented by race, ethnicity, or gender).

Vizient shared its 2021 Diversity, Equity, and Inclusion (DEI) Annual Report, published separately from its annual CSR. Across its CSR and DEI reports, Vizient not only described its overarching DEI goals but also some specific and measurable goals, such as aiming to reduce by half the gap in representation of women and people of color at the executive level by 2024. The GPO also shared a range of specific data points from 2021 across the CSR and DEI reports including:

- The proportion of race and ethnicity representation in its total workforce, stratified by position level.



- The proportion of age and generational representation in its total workforce, stratified by position level.
- The proportion of its workforce that identifies as female, stratified by position level.
- The proportion of its workforce that identifies as disabled or veterans.
- The gender and race/ethnicity distribution of Vizient's new hires in 2020 and 2021.

Vizient did not provide data on employee engagement, however.

Premier and Vizient both said that their CSRs discuss their organization's efforts to engage in community outreach or provide community benefits. But, in response, both mostly highlighted narratives of specific instances of community outreach or benefits that they have conducted, rather than describing particular standards or benchmarks the GPOs must meet. Lastly, neither Premier nor Vizient said they had governance measures that link progress on climate-related measures to the company executives' promotion and/or compensation.⁸

c. Vizient and Premier in early stages of progress on environmental standards but agree on need for more

Vizient and Premier described similar approaches to the internal management of environmental standards in their respective CSRs. Both GPOs said their CSRs do not discuss how their organizations are increasing the use of renewable energy and did not provide further detail on this decision.⁹ Still, both said organizations are working to minimize business risks related to extreme weather, though the information provided on these initiatives was limited. In its 2021 Sustainability Report, Premier simply noted that it has a "Business Continuity and Disaster Recovery Plan" that is periodically audited internally to confirm sufficiency; the GPO did not provide any additional information regarding this plan, in either its RFI response or the CSR.

Vizient pointed to its Task Force on Climate-Related Financial Disclosures (TCFD) issue brief – a draft of which was submitted as part of Vizient's response to the RFI – which reflects the findings of its analysis regarding the important climate trends and potential impacts of the climate crisis on the U.S. health care sector. Although the draft brief included scenario-mapping of Vizient's specific physical and transitional risks and opportunities, it did not include information or data specific to Vizient's business risks, instead focusing on the effects of rising global temperatures on the health care industry generally. Therefore, to the best of the Committee's understanding, neither GPO provided demonstrable information on how it is working to minimize business risks related to extreme weather.

One area where Premier and Vizient differed regarding environmental standards was on their efforts to curb carbon emissions. Premier noted in its RFI response that in 2022, it had undertaken its inaugural GHG assessment to establish scope 1 and scope 2 emission baselines so that it could reduce (and measure reductions in) its carbon emissions. Although Premier reported that the findings of that assessment were not available in time for the response to the Committee's RFI or its 2021 CSR, it planned to include the emissions data in its 2022 CSR. Premier has since published its 2022 CSR, with data presented below in Table 5. Premier did not report its scope 3 emissions but said it plans to do so in the near future.

**Table 5. Premier's U.S.-based carbon emissions (in MTCO₂e*)**

Emissions Category	FY 2020	FY 2021
Scope 1 Emissions	424.61	437.56
Location-based Scope 2 Emissions*	2,052.46	2,012.81
Market-based Scope 2 Emissions**	1,645.89	1,595.56
Total Scope 1 and Location-based Scope 2 Emissions	2,477.06	2,450.37
Total Scope 1 and Market-based Scope 2 Emissions	2,070.50	2,033.12
Location-based GHG Intensity by Floor Area (MTCO ₂ e/1,000 square feet)	6.53	6.50
Location-based GHG Intensity by Revenue (MTCO ₂ e/\$1 million)	1.91	1.42

Source: Premier 2022 Sustainability Report

Notes: MTCO₂e = Metric Tons of Carbon Dioxide equivalents.

* Location-based emissions are those estimated based on local grid power sources

** Market-based emissions are those estimated after factoring in power purchase agreements and renewable energy certificates

¹ A 2014 Update of Cost Savings and Marketplace Analysis of the Health Care Group Purchasing Industry, HSCA (July 7, 2014), https://supplychainassociation.org/wp-content/uploads/2018/05/hasca_cost_savings_group_purchase.pdf; *Group Purchasing Organizations: How GPOs Reduce Healthcare Costs and Why Changing Their Funding Mechanism Would Raise Costs*, HSCA, https://supplychainassociation.org/wp-content/uploads/2018/05/Leibowitz_GPO_Report.pdf (last visited Oct. 27, 2022).

² *Group Purchasing Organizations: How GPOs Reduce Healthcare Costs and Why Changing Their Funding Mechanism Would Raise Costs*, HSCA, https://supplychainassociation.org/wp-content/uploads/2018/05/Leibowitz_GPO_Report.pdf (last visited Oct. 27, 2022).

³ *About the Environmentally Preferable Purchasing Program*, U.S. Environmental Protection Agency (July 5, 2022), <https://www.epa.gov/greenerproducts/about-environmentally-preferable-purchasing-program>.

⁴ *GPO Partnership Simplifies Environmentally Preferable Purchasing*, HealthTrust, <https://healthtrustpg.com/thesource/workplace-trends/sustainability-workplace-trends/new-gpo-partnership-simplifies-environmentally-preferable-purchasing/> (last visited Oct. 27, 2022).

⁵ HealthTrust has the Environmental Sustainability Council, Vizient has the Environmental Advisory Council, and Premier has the Environmentally Preferred Purchasing Advisory Council.

⁶ Vizient has since published its 2023 CSR; this analysis was conducted prior to that public release.

⁷ Premier has since published its 2023 CSR; this analysis was conducted prior to that public release.

⁸ Premier's 2022 CSR report noted that the GPO had introduced two ESG-related metrics into its executive compensation, beginning in 2023. Specifically, the two metrics appear to be increases in GPO member spend with diverse suppliers and achieving overall employee engagement score targets.

⁹ The Committee confirmed by examining the GPOs' respective reports that there was no mention of renewable energy use.